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**SECRETARY, BOARD OF
OIL, GAS & MINING**

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF NEWFIELD PRODUCTION COMPANY FOR AN ORDER MODIFYING THE BOARD'S ORDER ENTERED IN CAUSE NO. 139-117 TO REDUCE THE NORTH-SOUTH DRILLING BOUNDARY SETBACK FROM 660 FEET TO 330 FEET FOR THE SPECIAL PILOT 1280-ACRE DRILLING UNITS FOR THE PRODUCTION OF OIL, GAS AND ASSOCIATED HYDROCARBONS FROM THE UPPER WASATCH FORMATION ESTABLISHED THEREUNDER, COMPRISED OF SECTIONS 15 AND 22, T3S, R2W, USM, AND SECTIONS 3 AND 10, AND 15 AND 22, RESPECTIVELY, T3S, R3W, USM, DUCHESNE COUNTY, UTAH

REQUEST FOR AGENCY ACTION

Docket No. 2015-007

Cause No. 139-129

COMES NOW, Newfield Production Company ("Newfield"), acting by and through its attorneys, MacDonald & Miller Mineral Legal Services PLLC, and pursuant to Utah Code Ann. §§40-6-5(3)(b) and 40-6-6, and hereby respectfully requests the Board of Oil, Gas and Mining (the "Board") to enter an order modifying the Board's Order entered June 13, 2014 in Cause No. 139-117 (the "139-117 Order") to reduce the North-South drilling unit boundary setback from 660 feet to 330 feet as pertaining to the following special pilot 1,280-acre (or substantial equivalent combination of lots and quarter-quarter sections) drilling units established thereunder for the production of oil, gas and associated hydrocarbons from the Upper Wasatch formation, defined as follows:

the base of the Uteland Butte Member of the Lower Green River formation to the top of the Wasatch Red Beds, being the stratigraphic equivalent of the interval from 8,765 feet to 9,967 feet MD as identified in the Dual Induction Log run on March 7, 1972 in the JW Accawinna # 1 Well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 13, T3S, R3W, USM,

(the "Subject Formation"), comprised of the following respective Duchesne County, Utah lands:

Township 3 South, Range 2 West, USM

Sections 15 and 22: All

Township 3 South, Range 3 West, USM

Sections 3 and 10: All

Sections 15 and 22: All

(collectively the "Subject Lands").

In support of this Request, Newfield respectfully states and represents:

1. Newfield is a Texas corporation with its principal place of business for Rocky Mountain operations in Denver, Colorado. Newfield is duly qualified to conduct business in the State of Utah, and is fully and appropriately bonded with all relevant Federal, Indian and State of Utah agencies.

2. Pursuant to the 139-117 Order, the Board modified its previous orders entered in Cause Nos. 139-103 and 139-110 to allow up to eight (8) super-extended lateral ("SXL") horizontal wells upon each of the previously established drilling units for

the Subject Formation comprised of the Subject Lands, respectively, among other lands. As relevant to this Request, the Board established 660-ft setbacks from all drilling unit boundaries.

3. There currently are four (4) SXL wells operated by Newfield on the Subject Lands producing from the Subject Formation, as follows:

<u>Well Name</u>	<u>Drilling Unit</u>	<u>DOFP</u>
Aubrey 2-15-22-3-2WH	Secs. 15 and 22 (T3S, R2W)	2/4/14
Perank 13-10-3-3-3WH	Secs. 3 and 10 (T3S, R3W)	5/16/14
Marie 15-22-15-3-3WH	Secs. 15 and 22 (T3S, R3W)	9/19/14
Accawinna 13-22-15-3-2WH	Secs. 15 and 22 (T3S, R2W)	10/12/14

4. The drilling of these and other SXL wells and analysis of data generated therefrom and other Central Basin wells producing from the Subject Formation has led Newfield to conclude a reduction of the North-South drilling unit boundary setback from 660 feet to 330 feet is more appropriate.

5. Specifically, microseismic and drilling induced fractures indicate the average dominant hydraulic fracture orientation is North 51.5° West. Microseismic data and modeling also suggests an average effective hydraulic fracture half-length of 334 feet. Assuming wellbore perforations of a SXL 330 feet from the North or South drilling unit boundary, an average effective hydraulic fracture would stop about 122 feet short of

the drilling unit boundary. The result is contact with an additional 660 feet of productive zone and recovery of additional resources that would not otherwise be recovered under the existing setback (thereby preventing waste), while minimizing adverse impact upon, if not fully protecting, the correlative rights of the production interest owners in the lands directly adjacent to the North and South of the Subject Lands.

6. The Board has already recognized the appropriateness of a 330-ft North-South boundary setback for SXL well development of the Subject Formation in its Order entered in Cause No. 139-123 on November 12, 2014 authorizing an additional seven drilling units for the Subject Formation for SXL development. Specifically, in Findings of Fact No. 12 thereof, the Board stated:

Based on the micro-seismic studies and drilling-induced fracture measurements, a reduced setback from the North and South boundaries of the Drilling Units from 660 feet to 330 feet should result in an approximate additional 60 MBO per Drilling Unit without adversely affecting the correlative rights of the owners in the adjacent sections.

Thus, the relief requested herein is entirely consistent with prior Board precedent.

7. Newfield believes and therefore alleges that granting its Request will be in furtherance of the public policies of this State to promote greater recovery of oil, gas and associated hydrocarbons from the Subject Formation without waste and with protection of the correlative rights of all affected owners, constitutes orderly and consistent development of the Subject Lands, and is just and reasonable.

8. Newfield will, in accordance with Board rules, timely submit exhibits and present testimony in support of these allegations.

9. Newfield will separately file a certificate of mailing listing all parties known to it, based on a search of the relevant Bureau of Land Management, Bureau of Indian Affairs, Utah School and Institutional Trust Lands Administration, Utah Division of Forestry, Fire and State Lands, and/or Duchesne County realty records, and the records of the Division of Oil, Gas and Mining, whose "legally protected interests" will be affected by this Request. There are no respondents or adverse parties known at this time to Newfield.

WHEREFORE, Newfield respectfully requests:

1. That this matter be set for hearing on February 25, 2015 in Salt Lake City;
2. That notice of such hearing be given as provided by law; and
3. That, upon sufficient evidence produced and testimony given at the hearing,

the Board issue an order:

- a) Modifying the 139-117 Order to reduce the North-South drilling unit boundary setback from the current 660 feet to 330 feet on the special pilot 1,280-acre (or substantial equivalent combination of lots and quarter-quarter sections) drilling units for oil, gas and associated hydrocarbons produced from the Subject Formation (as defined above) comprised of the Subject Lands (as defined above).
- b) Confirming in all other respects that the 139-117 Order remains in full force and effect;

- c) Making such findings and orders in connection with this Request as it deems necessary; and
- d) Providing for such other and further relief as may be just and equitable under the circumstances.

Respectfully submitted this 7th day of January, 2015.

**MACDONALD & MILLER MINERAL
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